



## My Next Steps:

# Thrift Savings Plan Considerations for Transitioning Military Families



## Question

**What can my family do with the money my service member has saved in the Thrift Savings Plan account after transition from the military?**



## Answer

Deciding with your service member what to do with TSP funds is an important part of the transition process. You have options that could have different impacts on your family's financial goals. Choose wisely by understanding your options and pinpointing where to get help with decisions about TSP funds.

Before making a decision, there are two facts you should know about the TSP:

1. Once your service member separates or retires from service, he or she can no longer contribute to the TSP.
2. If your spouse's TSP account balance is less than \$200 when it's time to transition, TSP will automatically send your service member a check for the amount in the account. The check is mailed to the address in your TSP account record so make sure the address is correct.

Now - decision time.

First, if the account balance is greater than \$200, your family may decide to leave the money in the TSP account where it will continue to grow earnings. If you choose this option, you do not need to do too much. Investments can be monitored or changed any time at the TSP website and remember to keep your address current so TSP can contact you if needed.

A second option is to transfer the funds from the TSP into another retirement savings account, such as an employer-sponsored retirement account or a 401(k). Your service

member will need to talk to his or her new employer to understand the retirement savings options available. If the new retirement account allows transfers, your service member will work with TSP and the new employer to begin the transfer process.

***“Information from the TSP website can help you discuss options with your service member and inform you of your rights as a spouse.”***

Another option - this one requires careful consideration - is to withdraw the funds from the TSP account. If you're thinking about this option, consider these facts: 1) you may be required to pay taxes on the money withdrawn; 2) families often find it difficult to save the same amount again once they have spent it; 3) your service member must repay any outstanding loans on the account, or the balance of the loan can be taxed. The TSP website has a guide to help you understand your tax obligations and provides representatives who are available to answer your questions about withdrawals. Withdrawing funds from the TSP account is a decision you and your service member should make together. If the account has more than \$3,500, your service member needs your authorization to withdraw funds.

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## Resources at a Glance

- [Thrift Savings Plan](#)
- [Contact TSP](#) or call 877-968-3778
- [Locate](#) a personal financial counselor or personal financial manager
- Military OneSource [Financial Counseling Services](#)



## Answer (cont.)

As your service member prepares to leave the military, your family has decisions to make about the TSP. Talk with your service member about your family's financial retirement goals and meet with a personal financial manager or personal financial counselor on your installation or through Military OneSource. Information from the TSP website can help you discuss options with your service member and

inform you of your rights as a spouse. You can also call the ThriftLine to speak with a TSP representative.

Deciding what to do with the TSP funds is just one of the many financial decisions you will make as your family prepares for transition from the military. Begin that conversation today to ensure you're making the wisest choices for your family's financial future.



## Steps to Consider

*These "Steps to Consider" are not meant as a checklist. Use the suggestions to facilitate a discussion with your service member.*

- Discuss your financial retirement goals with your service member. You may want to enlist the help of a personal financial counselor for guidance. Find a PFM or PFC on your [installation](#), or contact [Military OneSource](#).
- Read [Financial Counseling Services for a Secure Future](#) to learn about how Military OneSource can help.
- Learn the balance of the funds in your service member's TSP Account by logging in on the [TSP website](#).
- Determine if there are any loans to pay back to the TSP account. [Contact](#) a TSP representative to learn how and when to pay back the loans.
- If the balance of the TSP is less than \$200, a check will be issued to your service member upon separation or retirement. Ensure your address is correct.
- If, upon separation or retirement, the balance is more than \$200, consider transferring your TSP into an eligible retirement account.
- Review the resource, [Withdrawing Your TSP Account After Leaving Federal Service](#) to determine if you and your spouse want to leave the funds in the account or if you want to make a withdrawal. Another option is to leave the funds in the account and make a withdrawal at a later date. If the balance is more than \$3,500, as the spouse, your signature may be required to authorize a withdrawal.
- If your service member is considering a withdrawal, use the [TSP website](#) and publications to research how your family's taxes will be affected.
- Call the ThriftLine at 1-877-968-3778 to discuss options with a TSP representative.
- Maintain your current address for your TSP account.



## Resources

### Virtual Resources

- Thrift Savings Plan: [www.tsp.gov](http://www.tsp.gov)
- Withdrawing Your TSP Account After Leaving Federal Service: <https://www.tsp.gov/PDF/formspubs/tspb02.pdf>

### Personalized Assistance On your Installation

Locate a personal financial counselor or personal financial manager: <https://installations.militaryonesource.mil/>

- In the dropdown menu, choose "I'm looking for a program or service." Then, type in "Personal Financial Management Services" in the "I'm choosing from" text field. Next, you'll be asked to filter by installation or zip code. After making your selection, select the "Search" button.

### Virtual Personalized Assistance

- Military OneSource: <https://www.militaryonesource.mil/> or call (800) 342-9647
- Military OneSource Financial Counselors: <http://www.militaryonesource.mil/-/financial-counseling-services-for-a-secure-future>
- TSP Contact Options: <https://www.tsp.gov/ParticipantSupport/Content/contact/index.html> or call (877) 968-3778.



## Notes

## Related MySTeP Topics

- Personal Financial Counseling to Prepare for Transition from the Military
- Building a Transition Fund
- Preparing for Financial Success after Transition from the Military

- Military-Sponsored Transition Resources and Training
- Preparing an Individual Transition Plan
- Installation Family Support Centers for Transitioning Military Families